

NATIONAL DAIRY MARKET AT A GLANCE

CHICAGO MERCANTILE EXCHANGE (CME) CASH MARKETS (3/11)
BUTTER: Grade AA closed at \$1.5600. The weekly average for Grade AA is \$1.5233 (-.0367).

CHEESE: Barrels closed at \$1.4400 and blocks at \$1.4675. The weekly average for barrels is \$1.4200 (-.1340) and blocks, \$1.4615 (-.1475).

BUTTER: The cash price at the CME is mixed. Butter producers and handlers have mixed opinions as to the direction of the current cash market. Many felt that the weak trend of recent trading sessions was headed in the correct direction for this time of the year. Weaker prices provided less anxiety when building inventories. The firmness late in the week caught some by surprise. Churning schedules across the country remain quite active as cream supplies remain excessive of Class II needs and are clearing to the churn. Some butter producers indicate that offerings from outside sources are not as plentiful as in recent weeks. Butter demand is holding at fair levels as most Easter orders have been placed and shipped. Handlers and traders anticipate near term orders to be lighter and basically centered around fill-in needs. Food service outlets and restaurants have also placed good orders for the upcoming holiday.

CHEESE: The cash cheese market is firmer. Prices at the Chicago Mercantile Exchange cash cheese market recovered slightly from the sharp price decline last week. Cheese interest is uneven, slowest where average prices have not reached current levels. The roller coaster ride for cheese and milk price increases and declines has increased financial stress for many plant operators. Current production is steady to heavier though operators are wary about extra milk purchases. The trend toward cheddar being a smaller part of total American cheese production continues with January 2005 total American production up 0.1% over January 2004 at 321.6 million pounds and cheddar down 3.0% at 237.4 million pounds.

FLUID MILK: Current milk intakes are continuing to increase through most of the nation. Receipt gains at plants are strongest in the Southeast and the Central Valley of California and are just seasonally higher elsewhere. Levels are near annual peak levels in Florida and Arizona. Class I use was adjusted lower in some areas where schools are out on spring break though were higher in the Middle Atlantic and Northeast due to another large winter storm. Some preparations are underway to gear up output of consumer products for the approaching holidays. Manufacturing schedules are steady to occasionally heavier.

DRY PRODUCTS: The NDM market remains steady to firm. Delivery delays on past sales continue for producers. Current drying schedules are steady to occasionally heavier. Most producers are

content to use any extra volumes being produced to build inventory for commitments later in the year. The buttermilk market is firm as buyers try to replace NDM with buttermilk in some products. Demand is fair to good and production steady to heavier. Whey prices are mostly unchanged. Production is steady to heavier seasonally. Domestic whey interest is steady with some recent export sales made into the Far East. The WPC market is firm though prices are unchanged. Current sales are light as producers are receiving higher bids for product they don't have in stock. Lactose prices are unchanged to higher on a steady market. Interest is steady and remains best for the higher mesh sizes while lower sizes are being discounted.

CCC: During the week of March 7 - 11, there was no price support activity.

JANUARY 2005 DAIRY PRODUCTS HIGHLIGHTS: Butter production was 125.8 million pounds in January, 4.6% below January 2004 but 9.8% above December 2004. American type cheese production totaled 321.6 million pounds, 0.1% above January 2004 but 0.6% below December 2004. Total Cheese output (excluding cottage cheese) was 753.9 million pounds, 2.4% above January 2004 but 2.4% below December 2004. Nonfat dry milk production, for human food, totaled 93.8 million pounds, 22.2% below January 2004 but 0.6% above December 2004. Dry whey production, for human food, was 79.9 million pounds, 0.2% above January 2004 but 0.3% below December 2004.

JANUARY FLUID MILK SALES: During January, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.3% lower than January 2004. After adjusting for calendar composition, sales in January 2005 were 0.4% higher than January 2004. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from January 2004, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier.

DECEMBER MAILBOX MILK PRICES (DAIRY PROGRAMS): In December 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.38, \$.26 more than the figure for the previous month. The component tests of producer milk in December 2004 were: butterfat, 3.76%; protein, 3.11%; and other solids, 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas except two, and ranged from \$18.10 in Florida to \$14.42 in New Mexico. In December 2003, the Federal milk order all-area average mailbox price was \$13.90, \$2.48 lower.

*****SPECIAL THIS ISSUE*****

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**CHICAGO MERCANTILE EXCHANGE
 CASH TRADING**

PRODUCT	MONDAY MARCH 7	TUESDAY MARCH 8	WEDNESDAY MARCH 9	THURSDAY MARCH 10	FRIDAY MARCH 11	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4200 (N.C.)	\$1.4000 (-.0200)	\$1.4000 (N.C.)	\$1.4400 (+.0400)	\$1.4400 (N.C.)	(+.0200)	\$1.4200 (-.1340)
40# BLOCKS	\$1.4500 (N.C.)	\$1.4600 (+.0100)	\$1.4625 (+.0025)	\$1.4675 (+.0050)	\$1.4675 (N.C.)	(+.0175)	\$1.4615 (-.1475)
BUTTER GRADE AA	\$1.4900 (-.0625)	----	\$1.5200 (+.0300)	----	\$1.5600 (+.0400)	(+.0075)	\$1.5233 (-.0367)

CHEESE: carload = 40,000-44,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKETNEWS.HTM NOTE: CME NDM on Page 2. The CME will be closed on Friday, March 25, 2005.

CHICAGO MERCANTILE EXCHANGE

MONDAY, MARCH 7, 2005

CHEESE — SALES: 3 CARS 40# BLOCKS: 2 @ \$1.4525, 1 @ \$1.4500; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4500; OFFERS UNCOVERED: NONE
 BUTTER — SALES: 7 CARS: 2 @ \$1.4950, 2 @ \$1.5000, 2 @ \$1.4950, 1 @ \$1.4900; BIDS UNFILLED: 9 CARS: 3 @ \$1.4900, 2 @ \$1.4875, 2 @ \$1.4850, 2 @ \$1.4800; OFFERS UNCOVERED: 1 CAR @ \$1.5300

TUESDAY, MARCH 8, 2005

CHEESE — SALES: 2 CARS BARRELS: 1 @ \$1.4050, 1 @ \$1.4000; 12 CARS 40# BLOCKS: 2 @ \$1.4500, 2 @ \$1.4600, 2 @ \$1.4575, 3 @ \$1.4600, 1 @ \$1.4700, 1 @ \$1.4650, 1 @ \$1.4600; BIDS UNFILLED: 3 CARS 40# BLOCKS: 1 @ \$1.4500, 1 @ \$1.4400, 1 @ \$1.4300; OFFERS UNCOVERED: 3 CARS 40# BLOCKS: 1 @ \$1.4650, 1 @ \$1.4675, 1 @ \$1.4700

WEDNESDAY, MARCH 9, 2005

CHEESE — SALES: NONE; BIDS UNFILLED: 1 CAR BARRELS @ \$1.3900; 4 CARS 40# BLOCKS: 1 @ \$1.4625, 1 @ \$1.4600, 2 @ \$1.4200; OFFERS UNCOVERED: NONE

BUTTER — SALES: 32 CARS: 1 @ \$1.5000, 1 @ \$1.5100, 8 @ \$1.5150, 5 @ \$1.5175, 3 @ \$1.5150, 2 @ \$1.5175, 1 @ \$1.5150, 2 @ \$1.5175, 1 @ \$1.5200, 1 @ \$1.5175, 1 @ \$1.5200, 1 @ \$1.5175, 5 @ \$1.5200; BIDS UNFILLED: 9 CARS: 2 @ \$1.5175, 1 @ \$1.5100, 2 @ \$1.5050, 1 @ \$1.5025, 3 @ \$1.4900; OFFERS UNCOVERED: 1 CAR @ \$1.5300

THURSDAY, MARCH 10, 2005

CHEESE — SALES: 3 CARS BARRELS: 1 @ \$1.4200, 1 @ \$1.4225, 1 @ \$1.4400; 3 CARS 40# BLOCKS @ \$1.4675; BIDS UNFILLED: 1 CAR 40# BLOCKS @ \$1.4625; OFFERS UNCOVERED: NONE

FRIDAY, MARCH 11, 2005

CHEESE — SALES: 11 CARS 40# BLOCKS: 3 @ \$1.4675, 1 @ \$1.4700, 7 @ \$1.4675; BIDS UNFILLED: 2 CARS 40# BLOCKS @ \$1.4600; OFFERS UNCOVERED: NONE

BUTTER — SALES: 3 CARS: 1 @ \$1.5400, 1 @ \$1.5475, 1 @ \$1.5600; BIDS UNFILLED: 17 CARS: 1 @ \$1.5575, 1 @ \$1.5450, 2 @ \$1.5400, 1 @ \$1.5375, 1 @ \$1.5350, 3 @ \$1.5300, 1 @ \$1.5275, 2 @ \$1.5250, 1 @ \$1.5225, 4 @ \$1.5200; OFFERS UNCOVERED: 1 CAR @ \$1.5650

CME CASH NONFAT DRY MILK: Extra Grade closed the week at \$0.9325 and Grade A at \$0.9800. (The last price change occurred March 11.) The weekly average for Extra Grade is \$0.9325 (N.C.) and Grade A is \$0.9940 (-.0060).

BUTTER MARKETS**JANUARY BUTTER PRODUCTION**

During January 2005, butter production in the United States totaled 125.8 million pounds, 4.6% less than January 2004, but 9.8% more than December 2004. The following are January to January changes for various states: CA -10.7%, NY -27.9%, PA -1.3% and WI +13.2%.

NORTHEAST

The butter market is weaker. At the CME, the cash butter price (as of 3/7) moved below \$1.50 for the first time since August 2004 and the price has declined four of the last five trading sessions. Contacts feel that the heavy production and lackluster demand is offsetting any concerns about inventory comparisons to a year ago. Bulk and packaged butter stocks are adequate to fully adequate to cover the current demand. Eastern butter producers continue to operate at or near capacity. Cream volumes, though a little tighter, remain excessive of Class II needs. Retail and food service orders are mostly unchanged. However, another storm is expected to hit the Northeast at midweek and some stores are stocking up for anticipated sales. Sales of bulk butter f.o.b. East, are reported in a range of 2.0 cents under to 3.0 cents over the CME price/average.

CENTRAL

Butter producers and handlers have mixed opinions as to the direction of the current cash market. Many felt that the weak trend of recent trading sessions was headed in the correct direction for this time of the year. Weaker prices provided less anxiety when building inventories. The firmness at midweek to \$1.5200 caught some by surprise. Churning activity is quite strong as cream volumes remain available from local and out of area sources. Butter producers state that offerings from outside sources continue, but are not as heavy as in past weeks. In many instances, production is surpassing demand, thus inventories are

building. Some handlers are indicating that their stocks are building, but also state that much of this inventory is already committed for future needs. Most Easter orders have been placed and shipped with current sales activity centering around fill-in orders. Retailers continue to anticipate good sales during the coming few weeks, especially if butter is featured. Food service orders have been positive as the holiday nears. Bulk butter for spot sale is being reported in the 2 - 4 cents per pound range over various pricing basis.

WEST

Cash butter prices at the CME lost ground last week and continued to move lower early this week before rebounding 3 cents at midweek to close at \$1.52. Some contacts were stating that the increase in weekly butter stocks at the CME of 7 million pounds two weeks ago was a signal that sales were slowing. This report seems to have had much more impact than the supportive Cold Storage report released a few weeks ago. Production in the region remains heavy with cream offerings larger than anticipated for early March. Sales activity related to the upcoming Easter holiday is not up to anticipated levels. Food service orders are at least average. U.S. butter production in January totals 125.8 million pounds, down 4.6% (6.0 million pounds) from January 2004. Production was up 9.8% (11.2 million pounds) from December 2004. In January, the Western region produced 51.1 million pounds, down 6.3% from a year earlier. The West produced a bit more than 40% of the total U.S. butter output in January. Last week CME weekly warehouse stocks increased by 3.3 million pounds to stand at 63.1 million pounds. Average weekly net increases thus far in 2005 are 5.49 million pounds compared to 3.88 million pounds for the same period in 2004. Last year, in week ten, stocks stood at 96.4 million pounds and they were 154.5 million pounds in 2003. Bulk butter prices range from flat to 3 1/2 cents under based on the CME with various time frames and averages.

NASS DAIRY PRODUCT PRICES**U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	CHEESE		NDM	BUTTER	DRY WHEY
	40# BLOCKS	BARRELS 38% MOISTURE			
MARCH 5	1.4923	1.4655	0.9051	1.5795	0.2500
	10,186,295	9,946,285	22,454,737	3,466,501	12,833,270

Further data and revisions may be found on the internet at: <http://jan.mannlib.cornell.edu/reports/nassr/price/dairy>

CHEESE MARKETS

NORTHEAST

Prices are mostly higher. However, the cash price at the CME declined sharply during the late-week trading last week. Buyers are again stepping back from the market as they wait for better/lower prices. This pattern has been seen several times during the last few months as the CME prices have been volatile to say the least. Cheese production in the Northeast was picking up as the cheese price and March's Class III milk price was expected to be in a favorable relationship. With the sharply lower prices, that relationship isn't as favorable as it was during the first week of March. Another storm is hitting the Northeastern urban areas this week and some improved retail sales were expected. Food service orders are mostly steady this week.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 10# Prints	:	1.6750-2.1900
Cheddar Single Daisies	:	1.6325-2.1075
Cheddar 40# Block	:	1.7500-2.0075
Process 5# Loaf	:	1.7650-1.9725
Process 5# Sliced	:	1.7850-2.0000
Muenster	:	1.8475-2.0500
Grade A Swiss Cuts 10 - 14#	:	2.4500-2.6500

MIDWEST

The cheese market is weak and unsettled. Many in the trade are questioning whether recent price increases and declines on the Chicago Mercantile are legitimate indicators of market supply and demand. Current orders are slow as buyers wait for average prices to decline to current price levels. Current cheese production reflects plant intakes and is increasing slightly. Some plant operators that had been interested in making spot purchases of milk are again cutting back on outside supplies. Plant operators are trying to minimize inventory build up during the next 2 - 3 weeks until price averages catch up to lower CME prices.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.7550-2.0200
Brick And/Or Muenster 5#	:	2.0675-2.0950
Cheddar 40# Block	:	1.9650-2.2650
Monterey Jack 10#	:	2.1375-2.2650
Blue 5#	:	2.4575-2.7200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9075-2.3650
Grade A Swiss Cuts 6 - 9#	:	2.3500-2.9500

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

	BUTTER	:	CHEESE
	:	:	:
02/28/05	34,034	:	124,750 *
02/01/05	23,991	:	124,557 *
CHANGE	10,043	:	193 *
% CHANGE	42	:	N.C. *

* - Corrected

	:	:	:
03/07/05	35,317	:	124,432
03/01/05	34,291	:	124,686
CHANGE	1,026	:	-254
% CHANGE	3	:	N.C.

WEST

Western natural and process cheese prices increased because the weekly average prices at the cash CME market were still increasing. Trading activity since mid-week last week indicates that average prices should be sharply lower this week. Contacts indicate that cheese buying activity has increased with the lower priced trend to refill pipeline stocks. There doesn't seem to be much buying ahead for storage programs. Offerings are large enough to handle the increased buying interest. Under grade cheese offerings are minimal at this time as most of those stocks have cleaned up. Mozzarella sales activity is rated as good for this time of year with the market better balanced than earlier in the winter. Swiss sales are good with the market on the tight side. U.S. total cheese production in January reached 753.9 million pounds, up 2.4% (18.0 million pounds) from January 2004. This is the largest total for the month of January ever reported. Production during January was down 2.4% or 18.4 million pounds from December output. January output for the Western region totals 320.1 million pounds, up 4.7% from a year earlier. The West produced more than 42% of the U.S. output in January. Swiss production in January totals 23.4 million pounds, up 1.8% from last year.

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.7075-1.9650
Cheddar 40# Block	:	1.7300-2.0825
Cheddar 10# Cuts	:	1.9100-2.1300
Monterey Jack 10#	:	1.9200-2.0800
Grade A Swiss Cuts 6 - 9#	:	2.2500-2.7000

FOREIGN

Prices are higher on domestic styles and unchanged on imported. The cash Cheddar cheese market at the CME (the basis for most domestic cheese prices) is below \$1.50. This compares to last week's average of \$1.6090. Buyers of domestically-made cheese have stepped away from ordering this week and are waiting for lower prices before reordering. Stocks of imported and foreign-type cheese are adequate to cover the slow to fair demand. Sales of some traditional Lenten and other holiday cheeses are improving along typical patterns.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Roquefort	:	TFEWR : -0-
Blue	:	2.6400-4.6900 : 1.9900-3.4900*
Gorgonzola	:	3.6900-5.9400 : 2.4900-2.5675*
Parmesan (Italy)	:	TFEWR : 3.3950-3.5100*
Romano (Italy)	:	2.1000-3.1500 : -0-
Provolone (Italy)	:	3.4400-6.0900 : 1.9925-2.2250*
Romano (Cows Milk)	:	-0- : 3.1850-5.3500*
Sardo Romano (Argentina)	:	2.8500-3.2900 : -0-
Reggianito (Argentina)	:	2.6900-3.2900 : -0-
Swiss Cuts Switzerland	:	-0- : 2.4500-2.6500
Swiss Cuts Finnish	:	2.5900-2.8500 : -0-
Swiss Cuts Austrian	:	TFEWR : -0-
Edam	:	:
2 Pound	:	TFEWR : -0-
4 Pound	:	2.1900-3.5600 : -0-
Gouda, Large	:	TFEWR : -0-
Gouda, Baby (\$/Dozen)	:	:
10 Ounce	:	27.8000-31.7000 : -0-

* = Price change.

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	125	0	130	0	64
SOUTHEAST STATES	0	0	0	0	0	0

The following are the March 2005 Class and component prices under the Federal Milk Order pricing system: Class II \$13.36 (up \$.32 from February), Class III \$14.70 (up \$.56), and Class IV \$12.74 (up \$0.22). The following are the product price averages used in computing Class prices: butter \$1.5945, NDM \$0.8990, cheese \$1.5711 and dry whey \$0.2478. The Class II butterfat price is \$1.7824 and the Class III/IV butterfat price is \$1.7754. Milk production is increasing at varying rates throughout the region. Milk output in the Southeast is showing the most noticeable gains with only slight increases noted in the northern-most areas of the East. Fluid milk supplies are more than ample for Class I needs and surplus milk volumes range from light to fully adequate. Another storm hit much of the East Coast this week and there was a run on milk and other food staples at retail stores from the Middle Atlantic area up through New England. Bottling was heavy during the weekend, eased as we entered the work-week. Some schools are on vacation or spring break, which is also impacting bottling schedules. Manufacturing plants in the Southeast are operating on sporadic schedules, mostly processing weekend milk. Northeastern contacts report steady volumes of surplus milk. Florida's milk needs were holding at fairly strong levels this week and fewer loads were sent out of state. However, schools are expected to be on recess next week and surplus volumes may increase. Also, contacts report seeing more winter residents heading north. This is earlier than normal and may be attributed to the "early" Easter this year. The condensed skim market is improving as users are now more interested in wet solids due to the current, tight supply of NDM. Prices are steady to lower, particularly on Class III. The fluid cream market is firming. More contacts are commenting that offerings are in better balanced with an improved demand. Spot prices are often higher due to a moderate increase in multiples being used. Suppliers started the week a little short, but covered needs with little difficulty. Contacts report that ice cream makers are showing more interest as the CME's cash butter price dipped below \$1.50 for the first time since August 2004. The first little "shot" of warmer weather was felt along the East Coast this past weekend and soft serve mix sales improved. Cream cheese makers are taking more cream. Suppliers started the week a little short, but covered needs with little difficulty. Production of bottled cream, sour cream, and dips are also increasing along seasonal patterns. Churning activity is often lighter, but still moderate.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8564-2.1216
DELIVERED EQUIVALENT ATLANTA	-	1.8720-2.1216 M 1.9500-2.0904
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8720-2.0280

PRICES OF CONDENSED SKIM, \$ PER LB SOLIDS

F.O.B. PRODUCING PLANTS:	
NORTHEAST- CLASS II - INCLUDES MONTHLY FORMULA PRICES	- .9800-1.0100
NORTHEAST- CLASS III - SPOT PRICES	- 1.1200-1.1600

M I D W E S T

Class I demand was about steady at average levels. Some bottlers' orders for next week are generally heavier as they plan to stockpile various holiday items including milk as well as dips, whipped, and sour cream for the upcoming holidays. Cottage cheese output was steady to lighter. The combination of spring and holiday breaks over the next few weeks is likely to impact school fluid milk needs. Spot manufacturing milk prices range from about \$0.75 to \$1.70 over class. A few handlers reported some plant operators lowering their offer prices. The big decline in cheese prices at the Chicago Mercantile Exchange cash cheese market did cause some would-be buyers to reassess milk needs and demand. The wide cheese and milk price fluctuations have some operators complaining about plant profitability. The slight cash cheese price

recovery at the Chicago Mercantile Exchange did help some buyers to reassess manufacturing milk needs this week and next. Cream demand is steady to slightly improved though volumes being offered to churns remain heavy. The reported sale of a butter operation to another in the region has increased concerns about summer cream availability and/or holiday season disposal issues. Weather in the upper part of the region varied from well above normal including 70's through the midsection of the region to highs only in the 30's by midweek in some northern states along with more snow. Approved quality springing cow prices sold at a dairy cattle auction on March 9 were \$25 - 75 lower than a couple weeks ago at \$1675 - 1825 per head. There was not enough approved quality springing heifers to report a price range.

WISCONSIN LIVESTOCK AUCTIONS (PER CWT.)

	MARCH 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 53.00- 58.00	\$ 44.00- 51.00
REPLACEMENT HEIFER CALVES	\$375.00-650.00	\$250.00-535.00

SOUTH ST. PAUL TERMINAL AUCTION MARKET (PER CWT.)

	MARCH 3 - 9	PREVIOUS YEAR
SLAUGHTER COWS	\$ 56.00- 62.00	\$ 46.00- 52.00

W E S T

Milk output is moving higher across most of CALIFORNIA. The southern milk shed is still feeling lingering effects of the wet season. However, plant intakes are beginning to increase as weather conditions are warm and dry. In the Central Valley, milk supplies are moving upwards at levels 2 to 5% above last March. Conditions are very cow friendly and allowing for increases. Supplies are manageable and processing plants have capacity for additional milk. ARIZONA milk production is recovering some of the recent declines caused by the effects of rains and wet conditions. While lots are slowly drying up, there are stress and quality issues to address. Temperatures in the state are expected to move towards the upper 80 degrees which could hasten a seasonal peak in production. Bottler demand for fluid milk is spotty and below expectations. Other processing plants are running on schedule with some allowances made for higher humidity conditions. Western CREAM prices range from steady to lower following recent CME butter price and average price declines. The CME butter price was \$1.5200 on Wednesday, March 9, down 3.25 cents from the week before. There is currently cream available to fill all needs. Surplus cream moving to lower classes is being discounted to keep moving. Butter production is active with ice cream output building slowly. Higher fuel costs are being passed along and making shipping more expensive. Multiples are steady and trade from 108 to 124 FOB, and vary depending on basing points and class usage. Warm temperatures and sparse moisture in the PACIFIC NORTHWEST mean that current milk production patterns are heading into the spring flush in good shape. Output ranges from steady to a bit higher. The concern to contacts is what will happen to output this summer with the continuing drought. Washington's snowpack stands at 16% of normal and Spokane has just reported the driest February on record. Estimates should be out in the next week or so about how much water will be available for irrigation. Early estimates are not encouraging. Concern is also building as to whether the climate trend is changing. The issue is that four of the warmest years on record have occurred in the last six years. Hay supplies are the first concern and contacts are talking to producers in other neighboring states about new crop availability. Supplies are expected to be tight and prices firm. Springing heifer prices at a monthly Washington heifer sale are about steady ranging from \$1900-2300. Demand was good, but quality may have been off a bit. Conditions for milk production are excellent in the dairy belt of southern IDAHO. Warm and dry conditions prevail with output moving higher. However, the low snowpack totals are a concern for irrigators. Both hay growers and row croppers are looking to make production decisions soon. Good dairy hay supplies are tight and prices are firming. Conditions in the Cache Valley of UTAH are improving, but winter still has a firm grip on the region. Snow and cold temperatures are the rule with continued foggy conditions and bad air alerts. Cow comfort is fine and output is about steady. Heifer prices at two sales in the region remain firm with the top end around \$2275 and average prices between \$1950-2100. Demand is aggressive and supplies are limited.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices are unchanged to higher on a firm market. Most trade is occurring on a contractual basis. Resale supplies are available from government sell-back programs on product produced 3-4 years ago. Central region production is increasing yet producers are generally content in holding supplies rather than selling spot loads as the availability of NDM during the hot summer months is questionable. Supplies from the West are being offered to some Central region buyers with shipment delays of at least a month. Off grade NDM supplies are limited for the good feed interest.

EAST: The market tone remains firm. Prices are mixed, ranging from fractionally lower to moderately higher depending on manufacturer. Production levels are generally unchanged. Some plant contacts reports lighter drying, but most were making more NDM. Producer stocks are lighter than desired as the good demand is easily clearing current output. There is some uncertainty about the most recent sales of NDM to Cuba. The deal may or may not be on hold, but there have been instances where producers have, at least temporarily, backed away from their share of powder. They feel the NDM that would have been earmarked for Cuba will easily be cleared through their domestic accounts.

DAIRY PRODUCTS: Production of human food, nonfat dry milk during January 2005 totaled 93.8 million pounds, down 22.2% from January 2004 but 0.6% above December 2004. Month ending stocks, at 90.8 million pounds, are 16.5% below a year ago and 8.2% below last month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .9150 - 1.0100 MOSTLY: .9400 - .9550
HIGHHEAT: .9500 - 1.0950

NONFAT DRY MILK - WEST

Western pricing for low/medium NDM is mostly steady to slightly higher. The market tone is steady to slightly firm. Domestic offerings are most often being delivered on a timely basis with some delays noted. Spot loads are moving at a slower pace with producers having little extra for those sales. Exports continue to clear at steady pricing levels but there are indications of price resistance. There are offerings of NDM in the resale market at prices generally within the range. The quick run up and subsequent decline in cheese prices have cheese makers wondering what the best avenues for using available nonfat solids are. Drying schedules are moving higher to process additional milk volumes. Stocks are light to moderate for current sales. U.S. NDM production in January totaled 93.8 million pounds, 22.2% lower than last year but 0.6% more than December. January production in the Western region totaled 65.3 million pounds, down 30.8% from last year. California produced 39.4 million pounds, down 36.6% from January 2004. U.S. manufacturers' stocks at the end of January were reported at 90.8 million pounds, 16.5% less than last year and 8.2% lower than last month. [Editor's note: NDM statistics do not include skim milk powder (SMP).]

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUMHEAT: .8925 - .9800 MOSTLY: .9100 - .9400
HIGHHEAT: .9350 - .9700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 4	\$.8933	11,166,608	0
February 25	\$.8909	9,779,244	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

DRY BUTTERMILK - CENTRAL

Prices continue unchanged and nominal on a firm market. Most movement is occurring on a contractual basis. NDM buyers remain interested in dry buttermilk as a substitute to the limited supplies of NDM. Producers are generally not offering any spot loads of dry buttermilk as they opt to reserve supplies for contractual use later in the year. Production is steady to higher in response to steady churn activity. Production of dry buttermilk during January 2005 totaled 6.9 million pounds, 16.1% more than January 2004 and 11.7% above December 2004. Month ending stocks, at 10.4 million pounds, are 113.2% above a year ago and 9.4% higher than December 2004.

F.O.B. CENTRAL: .9450 - 1.0100

DRY BUTTERMILK - NORTHEAST AND SOUTHEAST

Prices are mostly steady and the market tone remains firm. Dry buttermilk production in the East is slightly lower this week as cream volumes are not as excessive as they have been. The call for liquid buttermilk ranges from steady to improved. Producer stocks remain balanced. Demand is holding at fair to good levels. Dry buttermilk production during January 2005 totaled 6.9 million pounds, up 16.1% from last January, and 11.7% more than December 2004. Month ending stocks, at 10.4 million pounds, are approximately 2 times more than last year and 9.4% more than a month ago.

F.O.B. NORTHEAST: .9300 - .9700
DELVD SOUTHEAST: .9600 - .9900

DRY BUTTERMILK - WEST

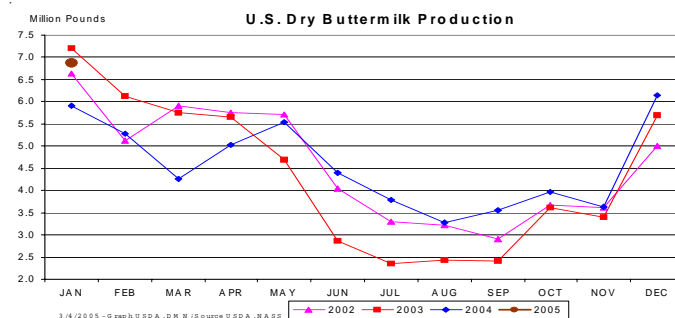
Dry buttermilk prices and the market tone in the West are mostly steady. A slight price adjustment lower was reported on the bottom of the range for a sale. However, that was an exception to an otherwise balanced supply and demand situation. Production remains active as buttermilk solids are available and being dried. Buying interest is fair to good for current offerings and still getting support from the spillover effects of tight nonfat dry milk markets. U.S. dry buttermilk production in January totaled 6.9 million pounds, up 16.1% from last year and 11.7% more than December. Stocks at the end of January were 10.4 million pounds, 2.1 times more than a year ago and 9.4% higher than last month.

F.O.B. WEST: .9200 - .9750 MOSTLY: .9250 - .9400

DRY WHOLE MILK - NATIONAL

Prices are higher following the change in the recently announced Class IV milk price. The market tone is little changed. Production remains light and plant stocks are balanced. Demand is fair to good and prices remain nominal. Dry whole milk production during January 2005 totaled 4.1 million pounds, down 2.9% from last January but 68.3% more than December 2004.

F.O.B. PRODUCING PLANT: 1.2775 - 1.3450



WHEY, CASEIN & EVAPORATED MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Dry whey prices remain unchanged on a steady market. Dry whey prices have not changed since the week of November 1 (Report 44 of 2004) when mostly prices were reported at .2325 - .2375. Production is steady to slightly lower in response to reduced cheese prices and increased movement of milk into Class I rather than Class III facilities. Most movement is contractual and predominantly domestic. Some export activity is noted yet movement in this realm appears better in coastal areas. The undertone for second quarter is generally steady. Production of human food, dry whey during January 2005 totaled 79.9 million pounds, 0.2% more than January 2004 but 0.3% below December 2004. Month ending stocks, at 37.1 million pounds, are 10.3% below a year ago and 7.0% less than December 2004.

F.O.B. CENTRAL: .2375 - .2525 MOSTLY: .2400 - .2450

DRY WHEY - NORTHEAST AND SOUTHEAST

Prices and the market tone are steady. Prices have held at current levels for much of 2005. This long stretch of unchanged prices does not seem to bother buyers or sellers, since neither seems to be pushing them higher or lower. Eastern producers report steady to occasionally heavier output now that cheese production appears to be increasing slightly. Dry whey supplies are light, but spot loads are occasionally available. Demand is steady. Export interest remains quite good. Production of human food, dry whey during January totaled 79.9 million pounds, 0.2% more than January 2004 but 0.3% less than December 2004. Month ending stocks, at 37.1 million pounds, are 10.3% below last year and 7.0% less than a month ago. Production of animal feed, dry whey during January totaled 6.3 million pounds, 13.8% less than a year ago and 16.1% below December 2004.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2475 - .2650
DELVD SOUTHEAST: .2700 - .2825

DRY WHEY - WEST

Prices are somewhat mixed for Western whey powder. The price range was steady to fractionally lower, while the mostly series showed some price strength. Production levels are a bit heavier at some locations than producers had estimated. Offerings are clearing easily. Some are noting better demand domestically with others noting better sales into export markets. The U.S. did get a portion of a whey tender to the Far East with prices noted in the mostly range. Contacts took this fact as a strong indication that world whey supplies continue to be very tight. U.S. dry whey production for human use in January totals 79.9 million pounds, unchanged from last year. Stocks at the end of January are down 10.3% from last year to stand at 37.1 million pounds. Production in the Western region totals 22.5 million pounds, down 2.0% from January 2004. The West produces 28% of the U.S. total.

NONHYGROSCOPIC: .2500 - .2775 MOSTLY: .2650 - .2725

ANIMAL FEED WHEY - CENTRAL

Prices are unchanged and nominal on a steady market. Trade activity is light due in part to limited supply availability. With good milk prices, farms continue to feed calves milk replacer instead of milk, encouraging interest in feed whey. Production of animal, dry whey during January 2005 totaled 6.3 million pounds, 13.8% less than January 2004 and 16.1% below December 2004. Month ending stocks, at 3.6 million pounds, are 47.2% lower than year ago and 25.6% less than December 2004.

F.O.B. CENTRAL:
MILKREPLACER: .2100 - .2325

As of March 2, 2005, Dairy Market News is temporarily suspending efforts to report a Dry Whey Permeate Market on April 8, 2005. Dairy Market News will continue to review pricing, industry specifications for Dry Whey Permeate and other dry dairy products in order to provide current, unbiased information to both buyers and sellers in the trade. Commencing Report 15 (April 8, 2005), Dairy Market News will be reporting the Animal Feed Whey-Central Milk Replacer price series and comment will be incorporated into the Dry Whey Central report. The Dry Whey Central Extra Grade price series will remain unchanged. Comments regarding changes in Dairy Market News Reports can be directed to: Don Nelson, P.O. Box 8911, Madison, WI 53708, Email: DonaldO.Nelson@usda.gov Phone: 608-224-5079, Fax: 608-224-5078

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are generally unchanged on a firm market. Trade activity remains light. Most trade is occurring in the resale market. Offers of resale 34% WPC in the mid to upper 80's are being met with resistance. Producers state that they are being bid higher for supplies they simply do not have. Demand is good from Asia and South America. Domestic interest from feed and edible users remains strong. Some feed buyers are securing alternative sources of protein from Israel, Norway or domestic producers of high protein concentrates as contractual loads of 34% WPC are being shorted. Production of HUMAN FOOD WPC during January 2005 totaled 24.4 million pounds, 10.7% lower from January 2004 and 10.7% below December 2004. Manufacturers' end-of-month stocks totaled 24.5 million pounds, 2.1% lower than a year ago and 10.4% below last month. Production of ANIMAL FEED WPC during January 2005 totaled 4.5 million pounds, up 34.2% from January 2004 but 14.0% below December 2004. Manufacturers' end-of-month stocks totaled 2.7 million pounds, 18.1% below last year and 11.1% lower than last month.

F.O.B. EXTRA GRADE 34% PROTEIN: .7525 - .8225 MOSTLY: .7525 - .7725

LACTOSE - CENTRAL AND WEST

Prices are unchanged to slightly higher on a steady market. Negotiations for second quarter have yet to commence despite increasing inquiries. Higher mesh sized product continues to trade at a premium to the market whereas the lower mesh sizes are trading at the market to lower. Lactose is becoming more competitive with permeate into some feed markets. Edible demand is steady and mostly contractual. Multiple load trades are noted at the lower end of the range. Lactose production during January 2005 totaled 55.9 million pounds, down 0.6% from January 2004 and 5.9% lower than December 2004. Month ending stocks, at 73.3 million pounds, are 47.0% higher than a year ago but 1.7% below last month.

Including spot sales and up to 3 month contracts. Mesh size 30 - 100.

F.O.B. EDIBLE: .1600 - .2100 MOSTLY: .1600 - .1900

CASEIN - NATIONAL

Casein markets and prices remain firm. Most traders and handlers have finalized many of their second quarter contracts at higher prices. Supplies remain in close balance with shortages being reported. Traders and handlers do not foresee much hope for supply recovery during the upcoming months and anticipate a firm market for much of the year. Under invitation #039, USDA sold 2,000,027 pounds of government owned nonfat dry milk for the production of casein/caseinate at \$0.5010 per pound. Since June 2002, nearly 46.7 million pounds of powder have been sold at prices ranging \$0.2200 - \$0.5255 per pound.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.2700 - 3.3000
ACID: 3.2700 - 3.3500

EVAPORATED MILK - NATIONAL

Prices and the market tone are unchanged. Production patterns are mostly steady. Demand is slow to fair. However, the market does remain highly competitive. An evaporated milk producer was recently acquired by another dairy concern and the new owner is actively trying to gain market share. The Kansas City Commodity office announced the award of indefinite quantity contracts for evaporated milk under EVD-1, invitation 830 for delivery April- June 2005. The award is for 5,030,640 pounds at prices ranging \$0.3984-\$0.4987 per pound. Canned evaporated milk production during January totaled 41.9 million pounds, 11.0% more than January 2004 but 12.1% less than December 2004. Month ending stocks, at 46.3 million pounds, are 7.3% above a year ago and 34.7% more than last month.

DOLLARS PER 48 - 12 FLUID OUNCE CANS PER CASE DELIVERED MAJOR U.S. CITIES \$22.00 - 30.00

Excluding promotional and other sales allowances. Included new price announcements.

JANUARY 2005 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 125.8 million pounds in January, 4.6 percent below January 2004 but 9.8 percent above December 2004. **AMERICAN TYPE CHEESE** production totaled 321.6 million pounds, 0.1 percent above January 2004 but 0.6 percent below December 2004. **TOTAL CHEESE** output (excluding cottage cheese) was 753.9 million pounds, 2.4 percent above January 2004 but 2.4 percent below December 2004. **NONFAT DRY MILK** production, for human food, totaled 93.8 million pounds, 22.2 percent below January 2004 but 0.6 percent above December 2004. **DRY WHEY** production, for human food, was 79.9 million pounds, 0.2 percent above January 2004 but 0.3 percent below December 2004. **ICE CREAM** (hard) production totaled 60.4 million gallons, 2.1 percent above January 2004 and 9.4 percent above December 2004.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JAN 2005	PERCENT CHANGE FROM:			PRODUCT	JAN 2005	PERCENT CHANGE FROM:		
	1,000 LBS.	JAN 2004	DEC 2004	YEAR TO DATE 1/		1,000 LBS.	JAN 2004	DEC 2004	YEAR TO DATE 1/
BUTTER	125,827	-4.6	9.8	-4.6	SOUR CREAM	78,820	3.7	-13.9	
CHEESE					YOGURT (PLAIN AND FLAVORED)	223,607	4.0	8.5	---
AMERICAN TYPES 2/	321,552	0.1	-0.6	0.1	CONDENSED WHEY, SOLIDS CONTENT 6/				
CHEDDAR	237,354	-3.0	0.3	-3.0	SWEET-TYPE, HUMAN FOOD	6,319	-26.4	-9.4	---
SWISS	23,404	1.8	-4.3	---	DRY WHEY PRODUCTS				
BRICK & MUENSTER	5,648	-17.1	-19.2	---	DRY WHEY, HUMAN FOOD	79,934	0.2	-0.3	---
CREAM & NEUFCHATEL	48,738	1.1	-12.9	---	DRY WHEY, ANIMAL FEED	6,286	-13.8	-16.1	---
HISPANIC	12,705	23.0	8.9	---	DRY WHEY, TOTAL	86,220	-1.0	-1.6	-1.0
MOZZARELLA	250,545	2.4	-2.8	2.4	REDUCED LACTOSE AND MINERALS				
OTHER ITALIAN TYPES	66,457	6.6	4.5	6.6	HUMAN FOOD	4,324	28.8	35.5	---
TOTAL ITALIAN TYPES	317,002	3.2	-1.4	3.2	ANIMAL FEED	4,012	10.6	-5.7	
ALL OTHER TYPES	24,830	30.2	-12.5	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	55,854	-0.6	-5.9	---
TOTAL	753,879	2.4	-2.4	2.4	WHEY PROTEIN CONCENTRATE				
COTTAGE CHEESE, CURD 3/	35,602	-7.0	3.9	---	HUMAN FOOD 7/	24,385	-10.7	-10.7	---
COTTAGE CHEESE, CREAM 4/	29,469	-7.6	0.3	-7.6	ANIMAL FEED 7/	4,475	34.2	-14.0	---
COTTAGE CHEESE, LOWFAT 5/	29,562	-7.2	2.5	-7.2					
CANNED EVAPORATED & CONDENSED					FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
WHOLE MILK	41,896	11.0	-12.1	---	ICE CREAM (HARD)	60,394	2.1	9.4	2.1
DRY WHOLE MILK	4,114	-2.9	68.3	---	ICE CREAM, LOWFAT (HARD)	7,686	2.7	-7.1	---
NONFAT DRY MILK, HUMAN FOOD	93,775	-22.2	0.6	-22.2	ICE CREAM, LOWFAT (SOFT)	19,089	3.4	2.0	---
DRY SKIM MILK, ANIMAL FEED	383	-13.3	8.8	---	ICE CREAM, LOWFAT (TOTAL)	26,775	3.2	-0.8	3.2
DRY BUTTERMILK	6,872	16.1	11.7	---	SHERBET (HARD)	4,194	11.4	45.9	11.4
					YOGURT (TOTAL)	4,357	-1.0	5.1	-1.0

MANUFACTURERS' STOCKS, END OF MONTH 8/							
PRODUCT	JAN 2005	PERCENT OF:		PRODUCT	JAN 2005	PERCENT OF:	
	1,000 LBS.	JAN 2004	DEC 2004		1,000 LBS.	JAN 2004	DEC 2004
DRY WHEY PRODUCTS				WHEY PROTEIN CONCENTRATE			
DRY WHEY, HUMAN FOOD	37,141	-10.3	-7.0	HUMAN FOOD	24,543	-2.1	-10.4
DRY WHEY, ANIMAL FEED	3,627	-47.2	-25.6	ANIMAL FEED	2,652	-18.1	-11.1
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 9/	4,751	-31.6	-8.3	CANNED EVAPORATED & CONDENSED WHOLE MILK	46,327	7.3	34.7
LACTOSE, HUMAN FOOD & ANIMAL FEED	73,296	47.0	-1.7	NONFAT DRY MILK FOR HUMAN FOOD	90,800	-16.5	-8.2
DRY BUTTERMILK, TOTAL	10,442	113.2	9.4				

1/ 2005 cumulative as percent change of 2004 cumulative. 2/ Includes Cheddar, colby, monterey and jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified whey products. Does not include sweet-type, animal whey. 7/ Whey Protein Concentrate, 25.0 to 89.9 percent. 8/ Stocks held by manufacturers at all points and in transit. 9/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

SOURCE: "Dairy Products," Da 2-6 (3-05), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, FEBRUARY

Component Price Information: Under the Federal milk order pricing system, the butterfat price for February 2005 is \$1.7754 per pound. Thus, the Class II butterfat price is \$1.7824. The protein and other solids prices for February are \$2.6613 and \$0.0915 per pound, respectively. These component prices set the Class III skim milk price at \$8.79 per cwt. The February Class IV skim milk price is \$6.76 which is derived from the nonfat solids price of \$0.7514 per pound.

Product Price Averages: The product price averages for February are; butter \$1.5945, nonfat dry milk \$0.8990, cheese \$1.5711, and dry whey \$0.2478.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT 1/ 2/						
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	FEBRUARY 2005				MARCH 2005
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) 4/	001	17.04	13.36	14.70	12.74	18.68
Appalachian (Charlotte) 5/	005	16.89	13.36	14.70	12.74	18.53
Southeast (Atlanta) 6/	007	16.89	13.36	14.70	12.74	18.53
Florida (Tampa) 7/	006	17.79	13.36	14.70	12.74	19.43
Midwest (Cleveland) 8/	033	15.79	13.36	14.70	12.74	17.43
Upper Midwest (Chicago) 9/	030	15.59	13.36	14.70	12.74	17.23
Central (Kansas City) 10/	032	15.79	13.36	14.70	12.74	17.43
Southwest (Dallas) 11/	126	16.79	13.36	14.70	12.74	18.43
Arizona-Las Vegas (Phoenix) 12/	131	16.14	13.36	14.70	12.74	17.78
Pacific Northwest (Seattle) 13/	124	15.69	13.36	14.70	12.74	17.33
All-Market Average	---	16.44	13.36	14.70	12.74	18.08

1/ To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.

2/ Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

3/ Names in parentheses are the major city in the principal pricing point of the market.

4/ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25; and Washington, DC, minus \$0.25.

5/ Class I prices at other cities are: Knoxville, minus \$0.30 and Louisville, minus \$0.90.

6/ Class I prices at other cities are: New Orleans; plus \$0.50; Memphis, minus \$0.30; Nashville, minus \$0.50; and Springfield, Mo., minus \$0.90.

7/ Class I prices at other cities are: Orlando, same; Miami, plus \$0.30; and Jacksonville, minus \$0.30.

8/ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

9/ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

10/ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

11/ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

12/ Class I price at Las Vegas is minus \$0.35.

13/ Class I prices at other cities are: Portland, same; and Spokane, same.

JANUARY FLUID MILK SALES

During January, about 4.7 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.3 percent lower than January 2004. After adjusting for calendar composition, sales in January 2005 were 0.4 percent higher than January 2004. On an individual product basis, after adjusting for calendar composition, sales of reduced fat (2%) milk, low fat (1%) milk, fat-free (skim) milk, and flavored fat-reduced milk increased from January 2004, while sales of whole milk, flavored whole milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/dyfmoms/mib/in-areales.htm>

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
JANUARY 2005, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,488	1,488	-6.7	-6.7
Flavored Whole Milk	62	62	-29.1	-29.1
Reduced Fat Milk (2%)	1,521	1,521	-1.9	-1.9
Low Fat Milk (1%)	560	560	2.0	2.0
Fat-Free Milk (Skim)	691	691	1.7	1.7
Flavored Fat-Reduced Milk	346	346	10.4	10.4
Buttermilk	43	43	-5.9	-5.9
Total Fluid Milk Products 3/	4,725	4,725	-2.3	-2.3
Total Fluid Milk Products Adjusted 3/ 4/	4,788	4,788	0.4	0.4

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see http://www.ams.usda.gov/dyfmoms/mib/clndr_comp_rpt.pdf

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JANUARY 2005, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	814	814	-3.7	-3.7
Appalachian (005)	302	302	-2.4	-2.4
Southeast (007)	422	422	-0.1	-0.1
Florida (006)	264	264	1.9	1.9
Mideast (033)	541	541	-4.2	-4.2
Upper Midwest (030)	385	385	1.3	1.3
Central (032)	407	407	-1.8	-1.8
Southwest (126)	368	368	-1.6	-1.6
Arizona-Las Vegas (131) 3/	109	109	2.0	2.0
Pacific Northwest (124)	188	188	0.7	0.7
California (---)	547	547	-0.1	-0.1

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 4/ above.

3/ The in-area sales data for this order does not include all the sales in the marketing area due to the reporting exemption of fluid milk processors located in Clark County, Nevada.

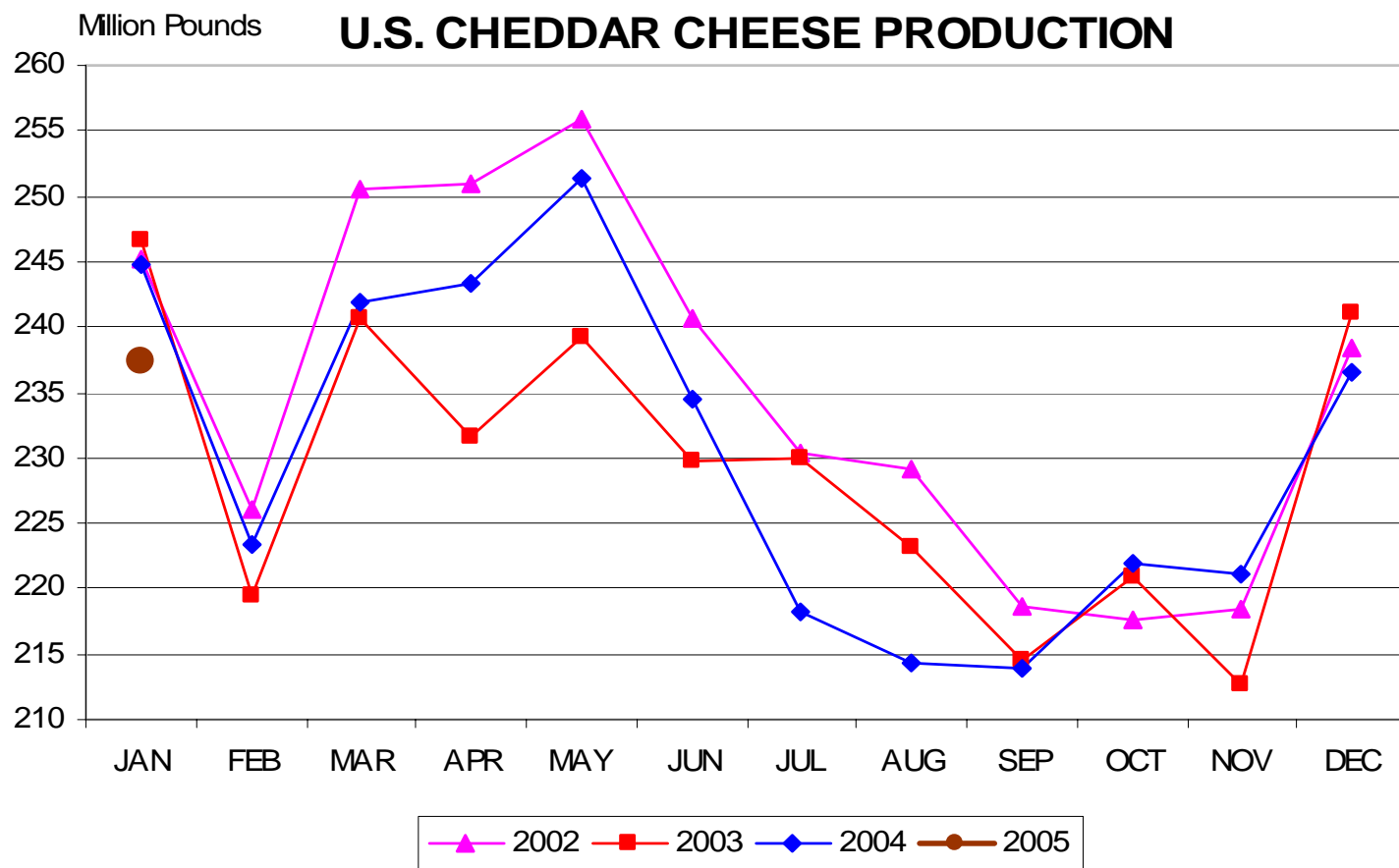
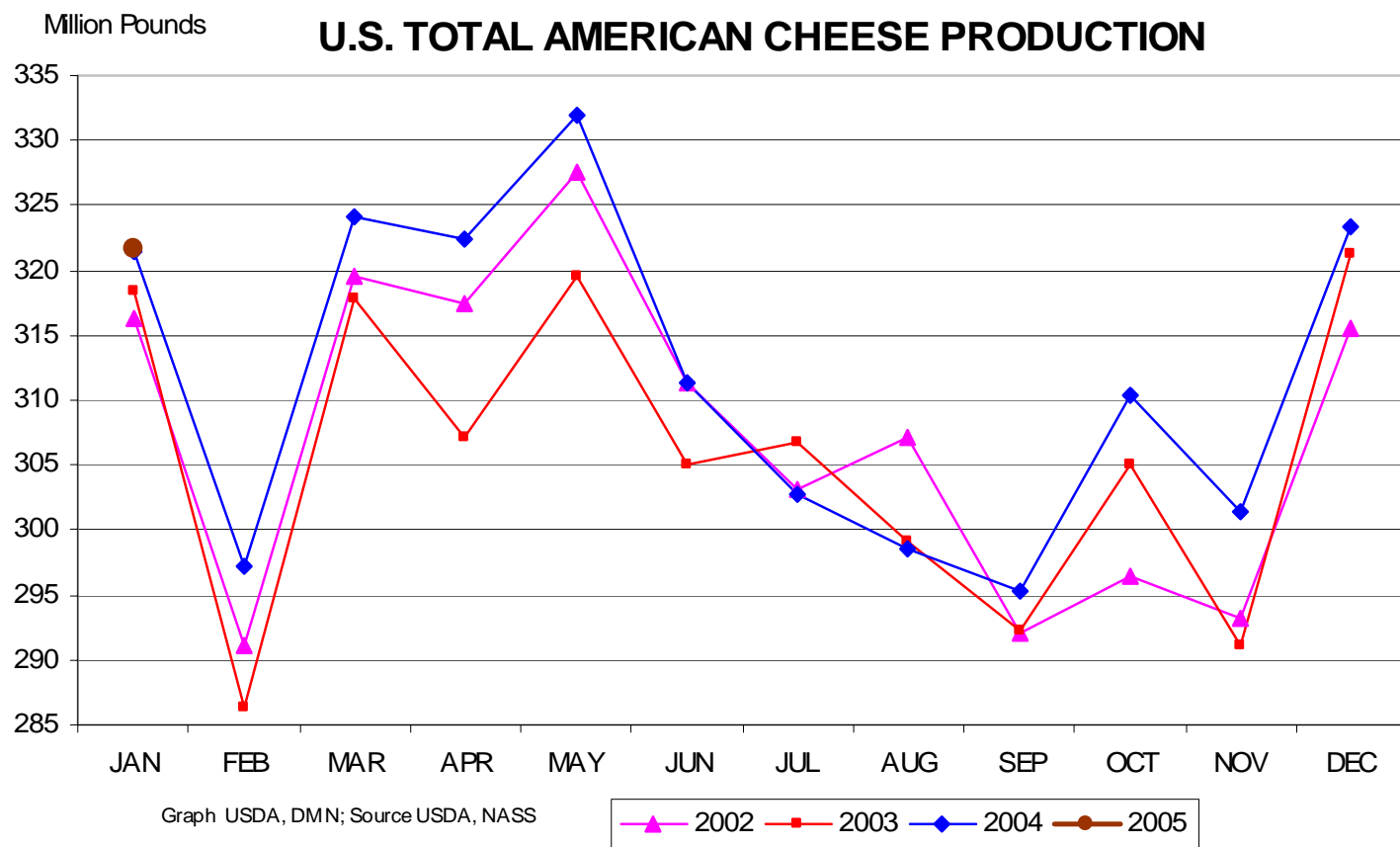
SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, DECEMBER 2004

In December 2004, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.38 per cwt., \$.26 more than the figure for the previous month. The component tests of producer milk in December 2004 were: butterfat, 3.76%; protein, 3.11%; and other solids, 5.68%. On an individual reporting area basis, mailbox prices increased in all reporting areas except two, and ranged from \$18.10 in Florida to \$14.42 in New Mexico. In December 2003, the Federal milk order all-area average mailbox price was \$13.90, \$.24 lower.

Reporting Area	Mailbox Milk Price <u>2/</u>		
	December 2003	November 2004	December 2004
	Dollars per hundredweight		
Northeast Federal Milk Order	14.39	16.55	16.70
Appalachian States <u>3/</u>	14.75	16.06	16.36
Southeast States <u>4/</u>	15.46	16.68	16.80
Southern Missouri <u>5/</u>	14.14	15.57	15.97
Florida	17.41	18.17	18.10
Ohio	14.09	16.16	16.51
Indiana	---	16.20	16.52
Michigan	13.62	15.92	16.09
Wisconsin	13.77	16.65	17.25
Minnesota	13.47	16.47	16.60
Iowa	13.79	16.19	16.57
Illinois	13.82	16.41	16.87
Corn Belt States <u>6/</u>	13.20	14.93	15.30
Western Texas <u>7/</u>	13.53	15.14	15.55
New Mexico	12.52	14.24	14.42
Northwest States <u>8/</u>	12.81	15.09	15.03
All Federal Order Areas <u>9/</u>	13.90	16.12	16.38
California <u>10/</u>	12.54	15.23	NA

1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. As applicable, includes milk not-pooled due to disadvantageous intra-order price relationships. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 4/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 5/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 6/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 5/. 7/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 8/ Includes Oregon and Washington. 9/ Weighted average of the information for all selected reporting areas in Federal milk orders. Figure for the previous year has been revised to exclude prices for Idaho and Utah which no longer are being reported. 10/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 7 - 11, 2005			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/04	SAME PERIOD LAST YEAR	WEEK ENDING 03/04/05	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
Packaged	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-42,309	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Process	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfortified	-0-	-0-	-0-	31,817,269	245,830,279	-0-	822,200,000
Fortified	-0-	-0-	-0-	-0-	-119,048	-0-	46,391,000
TOTAL	-0-	-0-	-0-	31,817,269	245,711,231	-0-	868,591,000

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 7 - 11, 2005 =	0.0	0.0	COMPARABLE PERIOD IN 2004 =	1.0	54.7
CUMULATIVE SINCE OCTOBER 1, 2004 =	7.0	370.4	CUMULATIVE SAME PERIOD LAST YEAR =	53.1	2,860.1
CUMULATIVE JANUARY 1 - MARCH 11, 2005 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2004 =	27.6	1,510.8

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22

**Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF MARCH 7 - 11, 2005 (POUNDS)

REGION	BUTTER			CHEESE			NONFAT DRY MILK	
	BULK	PACKAGED	UNSALTED	BLOCK	BARREL	PROCESS	NONFORTIFIED	FORTIFIED
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/04 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04	2004/05	2003/04
CENTRAL	-0-	-0-	-0-	-0-	1,331,567	7,383,929	4.2	3.0
WEST	-0-	-42,309	-0-	-0-	29,415,099	234,043,528	92.4	95.2
EAST	-0-	-0-	-0-	-0-	1,070,603	4,283,774	3.4	1.8
TOTAL	-0-	-42,309	-0-	-0-	31,817,269	245,711,231	100.0	100.0

NDM SELLBACK TO THE TRADE The cumulative sellback total for 2005 is 0 pounds.

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS PRODUCED ON OR AFTER NOVEMBER 15, 2002

MANUFACTURING MILK Average Test 3.67% - \$9.90 per cwt.

BUTTER Bulk \$1.0500 per pound; 1# Prints \$1.0850

CHEESE 40 & 60# Blocks \$1.1314 per pound; 500# Barrels \$1.1014; Process American 5# \$1.1889; Process Am. 2# \$1.2289

NONFAT DRY MILK Nonfortified \$.8000 per pound; Fortified \$.8100; Instant \$0.9625

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 02/19/05 & Comparable Week 2004

Regions* (000 HEAD)		U.S. TOTAL										% DAIRY OF ALL	
		1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1
2005-Dairy	N.A.	0.7	N.A.	2.3	15.3	3.3	0.7	N.A.	14.4	2.9	46.9	394.0	48.9
2004-Dairy	N.A.	0.8	N.A.	5.1	17.2	2.6	0.8	N.A.	13.8	3.3	52.4	399.8	52.6
2005-All cows	0.1	0.7	N.A.	10.4	29.7	12.2	11.8	N.A.	15.0	5.2	95.9	798.0	
2004-All cows	N.A.	0.8	N.A.	10.5	28.9	12.5	14.4	N.A.	14.5	5.3	99.6	813.1	49.4

SOURCE The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2002	11.87	11.63	10.65	10.85	10.82	10.09	9.33	9.54	9.92	10.72	9.84	9.74
2003	9.78	9.66	9.11	9.41	9.71	9.75	11.78	13.80	14.30	14.39	13.47	11.87
2004	11.61	11.89	14.49	19.66	20.58	17.68	14.85	14.04	14.72	14.16	14.89	16.14

FEDERAL MILK ORDER CLASS PRICES FOR 2005 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.65	13.79	15.43									
II	13.04	13.36										
III	14.14	14.70										
IV	12.52	12.74										

1/ Specific order differentials to be added to this base price are located at www.ams.usda.gov/dyfmoms/mib/cls_prod_cmp_pr.htm